



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 10, 1995

Mitchell A. Lekas
Director
Geokinetics Incorporated
2091 East 1300 South, Suite 202
Salt Lake City, Utah 84108

Re: Notice of Noncompliance, Redemption of Reclamation Surety, Geokinetics, Inc., Seep Ridge Project, M/047/002, Uintah County, Utah

Dear Mr. Lekas:

Thank you for your recent letter, which you personally delivered to our office on January 27, 1995. Your letter describes the circumstances behind the recent inadvertent redemption of the reclamation surety that was held by the School and Institutional Trust Lands Administration (formerly Utah Division of State Lands and Forestry) for reclamation of the Seep Ridge Project. You indicate that it is Geokinetics intention to replace the \$100,000 Certificate of Deposit (CD) with the State within the next 30 days.

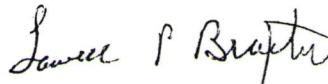
You have also requested that we formally reduce the amount of required reclamation surety to reflect the status of actual disturbances remaining at this mine site. As you were advised, because of a permitting backlog, it is unlikely that we will be able to perform an inspection of the Seep Ridge site to confirm onsite conditions for at least 45-60 days. If we can arrange to schedule an earlier inspection we will advise you accordingly.

As you know, an operator's failure to maintain adequate reclamation surety for a permitting large mining operation is a violation of Title 40-8-14(5) of the Utah Mined Land Reclamation Act (the "Act"), and R647-4-113.5 of the Amended and New Rules, Minerals Reclamation Program. Accordingly, the Division finds Geokinetics, Inc. to be in *non-compliance* with the Act and rules. In order to correct this deficiency, the Division hereby directs Geokinetics, Inc. to take appropriate measures to immediately restore the reclamation surety with this office. The Division requires that the replacement surety and Reclamation Contract be provided to this office no later than **February 24, 1995**. Failure to do so will result in a formal Notice of Agency Action requiring Geokinetics, Inc. to appear before the Board of Oil, Gas and Mining to defend its failure to comply with a Division directive.

Page 2
Mitchell A. Lekas
M/047/022
February 10, 1995

You indicated that Geokinetics prefers to post a replacement CD as the form of reclamation surety. Enclosed with this letter are copies of a joint agency Certificate of Deposit surety form, a Reclamation Contract (FORM MR-RC) and instruction guideline for completing FORM MR-RC. The reclamation surety should be made out jointly in the names of both the Utah Division of Oil, Gas and Mining and the School Institutional Trust Lands Administration. Thank you for your immediate attention to this matter. Please contact me or Wayne Hedberg of my staff should you have questions or concerns in this regard.

Sincerely,



Lowell P. Braxton
Associate Director, Mining

jb
Enclosures - RC, guideline CD form joint
cc: John Blake, SITLA
James W. Carter, DOGM
Minerals staff (route)
M047002.non